

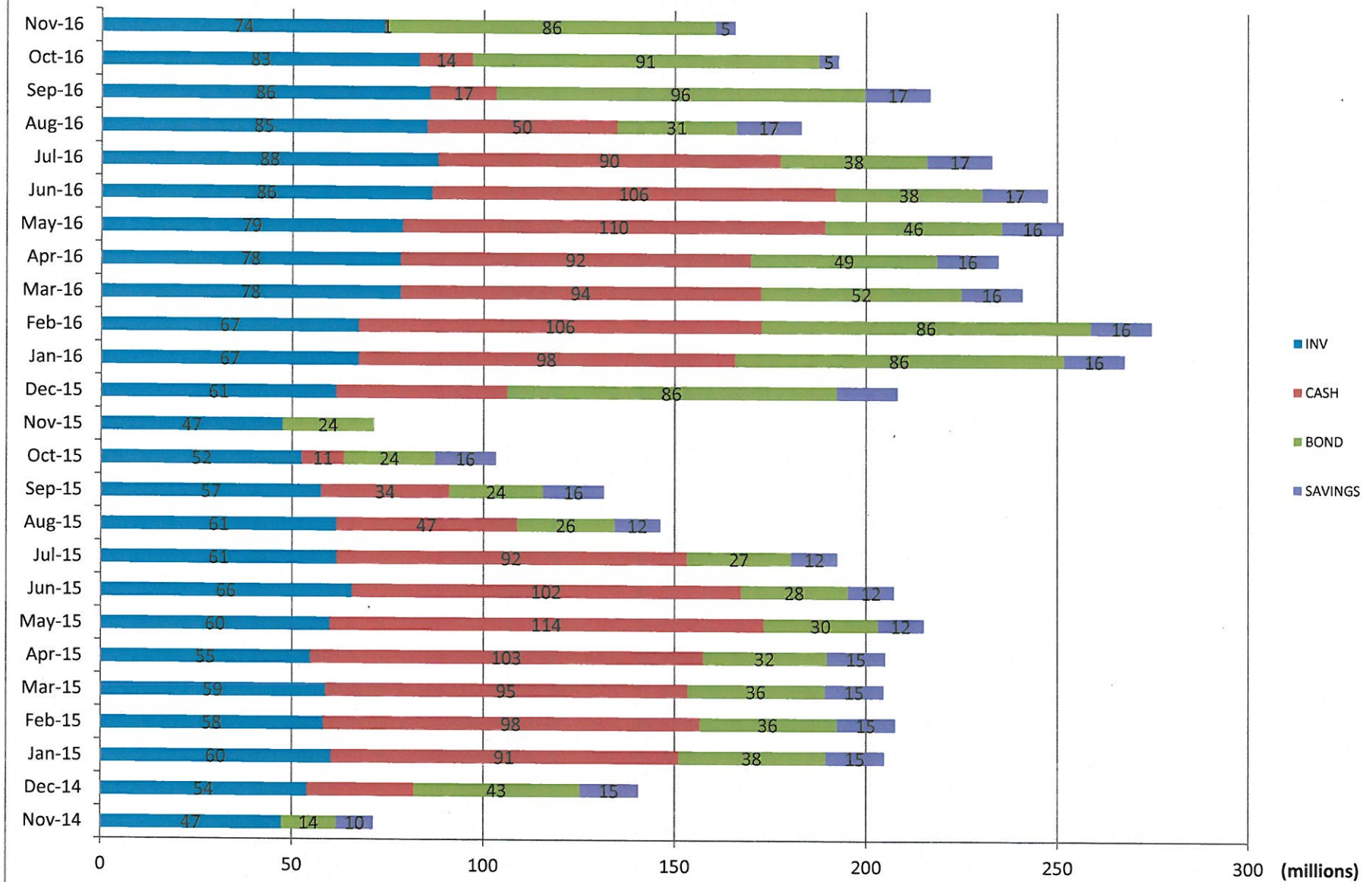
# Louisville Metro Investment Council



December 19, 2016

# **PORTFOLIO COMPOSITION**

## Metro Total Cash Position as of 11/30/16





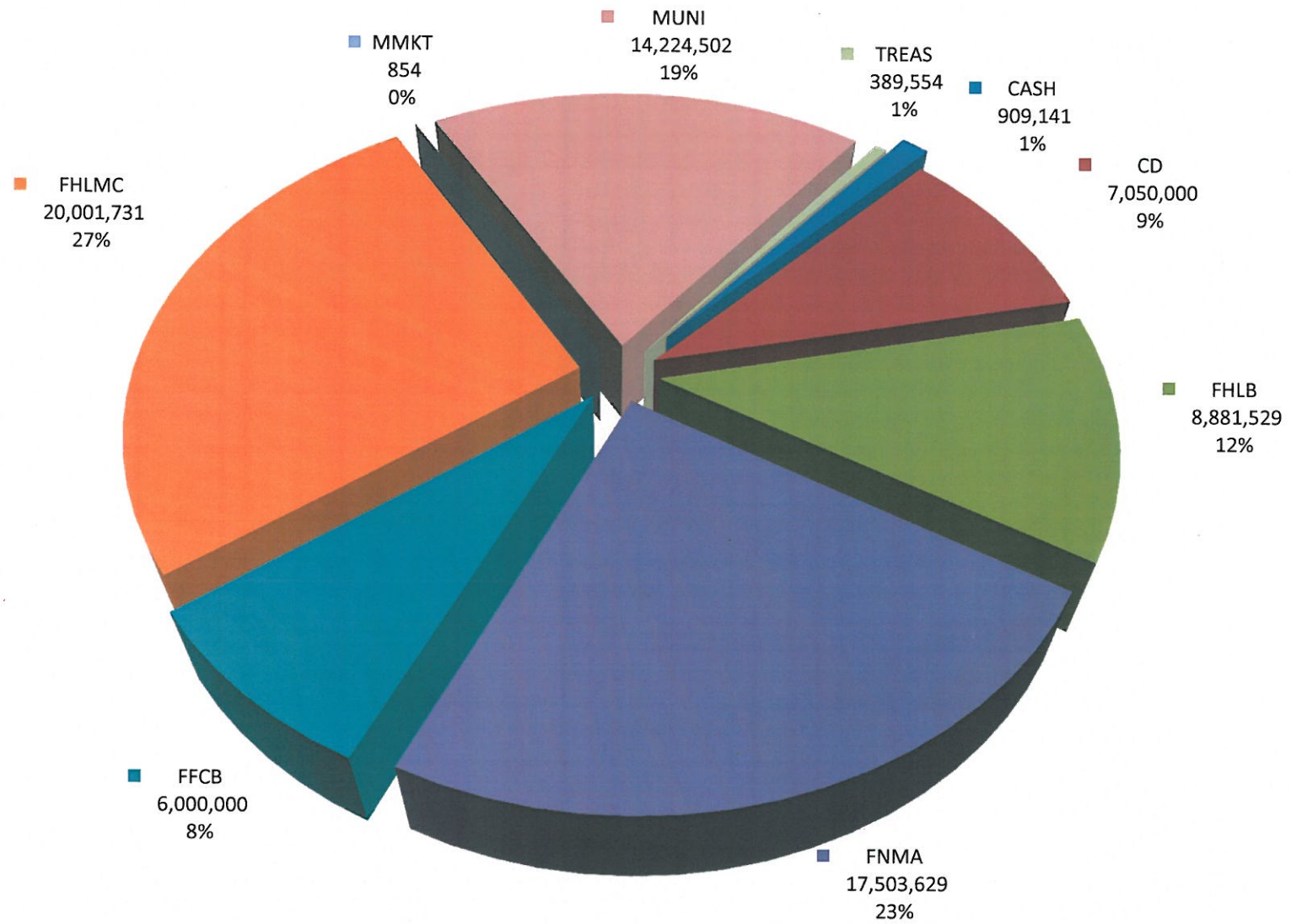
**Acc Int / Amort / Mkt Val**  
**Lou / Jeff Cty Metro Finance**  
**Effective Interest - Callable Life**  
**Receipts in Period**  
**11/30/2016**

	Invest Number	CUSIP	Security Description	Call Date	Purchase Date	Ending Par Val/Shares	Ending Amor Val/Cost	Ending Market Val	Amortization Purch/Date	PTD Purch Received	Int/Div Rec Purch/Date	Int/Div Accrued Purch/Date	Purch Int + Acc Int
Cash	AR-0035	TARC OPS FED - 4537544	Cash Account	Open	04/02/03	3,347,165.00	3,347,165.00	3,347,165.00	0.00	0.00	0.00	0.00	0.00
	AR-0043	INV CLEAR JPM - 707637716	Cash Account	Open	07/01/06	11,892,331.57	11,892,331.57	11,892,331.57	0.00	0.00	0.00	0.00	0.00
	AR-0046	METRO CONC 53- 714868609	Cash Account	Open	09/22/08	-17,240,564.17	-17,240,564.17	-17,240,564.17	0.00	0.00	594,090.77	0.00	0.00
	AR-0047	LAGIT 53 - 714868674	Cash Account	Open	10/01/08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	AR-0049	REVCOM 53- 7141868757	Cash Account	Open	11/01/08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	AR-0052	METRO CHASE SAV 2950930897	Cash Account	Open	09/22/10	2,910,208.56	2,910,208.56	2,910,208.56	0.00	0.00	371,942.84	0.00	0.00
	AR-0053	REVCOM CHASE SAV 2950930772	Cash Account	Open	09/14/10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>Cash Total</b>					<b>909,140.96</b>	<b>909,140.96</b>	<b>909,140.96</b>	<b>0.00</b>	<b>0.00</b>	<b>966,033.61</b>	<b>0.00</b>	<b>0.00</b>
Certificate of Deposit	16-0020	CD1499	YCB 0.17 12/23/16	Open	01/23/16	250,000.00	250,000.00	250,000.00	0.00	0.00	346.93	8.26	8.26
	16-0040	CD423	METRO 0.50 05/07/17	Open	05/10/16	1,000,000.00	1,000,000.00	1,000,000.00	0.00	0.00	2,520.56	319.44	319.44
	16-0047	CD864	COMM 0.60 05/16/17	Open	05/16/16	200,000.00	200,000.00	200,000.00	0.00	0.00	604.93	46.67	46.67
	16-0057	CD075	METRO 0.50 06/07/17	Open	06/07/16	1,000,000.00	1,000,000.00	1,000,000.00	0.00	0.00	2,095.90	319.44	319.44
	17-0007	CD0695	COMM 0.60 07/09/17	Open	07/09/16	4,500,000.00	4,500,000.00	4,500,000.00	0.00	0.00	9,080.27	1,575.00	1,575.00
	17-0031	CD0772	METRO 0.50 10/07/17	Open	10/07/16	100,000.00	100,000.00	100,000.00	0.00	0.00	42.47	31.94	31.94
	<b>Certificate of Deposit Total</b>					<b>7,050,000.00</b>	<b>7,050,000.00</b>	<b>7,050,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>14,691.06</b>	<b>2,300.75</b>	<b>2,300.75</b>
FFCB	17-0010	3133EGNK7	FFCB 1.32 07/27/20	07/27/17	07/27/16	3,000,000.00	3,000,000.00	2,923,800.00	0.00	0.00	0.00	13,640.00	13,640.00
	17-0022	3133EGVJ1	FFCB 1.16 09/26/19	09/26/17	09/27/16	3,000,000.00	3,000,000.00	2,961,210.00	0.00	0.00	0.00	6,186.67	6,283.34
	<b>FFCB Total</b>					<b>6,000,000.00</b>	<b>6,000,000.00</b>	<b>5,885,010.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>19,826.67</b>	<b>19,923.34</b>
FHLB	16-0063	313383EP2	FHLB 1.25 06/20/18	09/20/16	06/20/16	2,975,776.00	2,975,776.00	2,976,222.37	-5,951.55	0.00	0.00	16,635.41	16,635.41
	16-0071	3130A8JZ7	FHLB 1.22 12/30/19	06/30/17	06/30/16	2,900,000.00	2,900,000.00	2,859,371.00	0.00	0.00	0.00	14,839.94	14,839.94
	17-0005	3130A0HY9	FHLB 1.25 12/26/17	Open	07/20/16	1,000,000.00	1,005,752.82	1,001,290.00	-1,947.18	0.00	0.00	4,548.61	5,381.94
	17-0034	3130A8RP0	FHLB 1.05 10/26/18	10/26/16	10/11/16	2,000,000.00	2,000,000.00	1,993,100.00	400.00	4,812.50	5,250.00	2,041.67	6,416.67
	<b>FHLB Total</b>					<b>8,875,776.00</b>	<b>8,881,528.82</b>	<b>8,829,983.37</b>	<b>-7,498.73</b>	<b>4,812.50</b>	<b>5,250.00</b>	<b>38,065.63</b>	<b>43,273.96</b>
FHLMC	16-0051	3134G9JT5	FHLMC 1.35 11/26/19	08/26/16	05/26/16	1,500,000.00	1,500,000.00	1,486,365.00	525.00	0.00	10,125.00	281.25	281.25
	16-0052	3134G9KW6	FHLMC 1.35 11/26/19	08/26/16	05/26/16	2,000,000.00	2,000,000.00	1,975,800.00	2,200.00	0.00	13,500.00	375.00	375.00
	16-0053	3134G9NL7	FHLMC 1.18 05/31/19	05/24/17	05/31/16	2,000,000.00	2,000,000.00	1,984,740.00	0.00	63.37	11,406.66	65.56	65.56
	16-0059	3134G9NE3	FHLMC 1.20 06/14/19	06/14/17	06/14/16	2,000,000.00	2,000,000.00	1,979,080.00	0.00	0.00	0.00	11,133.33	11,133.33
	16-0066	3134G9XB8	FHLMC 1.00 12/28/18	12/28/16	06/28/16	2,000,000.00	1,999,925.00	1,989,460.00	425.00	0.00	0.00	8,500.00	8,500.00
	16-0068	3134G9VS3	FHLMC 1.00 12/28/18	12/28/16	06/28/16	1,000,000.00	1,000,000.00	994,360.00	0.00	0.00	0.00	4,250.00	4,250.00
	16-0070	3134G9WJ2	FHLMC 1.20 09/30/19	09/30/16	06/30/16	1,000,000.00	1,000,000.00	987,650.00	0.00	0.00	3,000.00	2,033.33	2,033.33
	16-0072	3134G9YA9	FHLMC 1.01 09/28/18	12/28/16	06/30/16	2,000,000.00	2,000,000.00	1,984,840.00	0.00	2,581.11	5,050.00	3,535.00	3,591.11
	17-0006	3134G45U8	FHLMC 0.85 12/12/17	Open	07/20/16	1,000,000.00	1,001,806.20	999,060.00	-633.80	0.00	0.00	3,093.06	3,990.28
	17-0016	3134G9W37	FHLMC 1.45 08/10/20	11/10/16	08/10/16	1,500,000.00	1,500,000.00	1,462,695.00	0.00	0.00	0.00	6,706.25	6,706.25
	17-0035	3134GAPV0	FHLMC 1.03 10/12/18	01/12/17	10/12/16	2,000,000.00	2,000,000.00	1,987,680.00	0.00	0.00	0.00	2,803.89	2,803.89
	17-0038	3134GAT53	FHLMC 0.00 10/26/18	04/26/17	11/01/16	2,000,000.00	2,000,000.00	1,997,440.00	0.00	0.00	0.00	1,041.67	1,041.67
	<b>FHLMC Total</b>					<b>20,000,000.00</b>	<b>20,001,731.20</b>	<b>19,829,170.00</b>	<b>2,516.20</b>	<b>2,644.48</b>	<b>43,081.66</b>	<b>43,818.34</b>	<b>44,771.67</b>
FNMA	12-0018	3135G0GY3	FNMA 1.25 01/30/17	Open	06/17/16	5,000,000.00	5,001,997.34	5,006,500.00	-10,159.33	0.00	31,250.00	21,006.94	44,791.66
	16-0024	3135G0PP2	FNMA 1.00 09/20/17	Open	03/11/16	3,000,000.00	3,002,392.43	3,003,870.00	-2,137.57	14,250.00	30,000.00	5,916.67	20,166.67
	16-0046	3135G0J95	FNMA 1.35 10/28/19	10/28/16	05/19/16	1,000,000.00	1,000,000.00	994,460.00	1,000.00	787.50	6,750.00	1,237.50	2,025.00
	16-0048	3136G3MQ5	FNMA 1.30 11/25/19	11/25/16	05/25/16	2,000,000.00	2,000,000.00	1,986,220.00	0.00	0.00	13,000.00	433.33	433.33
	16-0067	3136G3TR6	FNMA 1.05 06/28/19	06/28/17	06/28/16	2,000,000.00	2,000,000.00	1,977,540.00	0.00	0.00	0.00	8,925.00	8,925.00
	17-0011	3136G3L37	FNMA 1.125 10/28/19	07/28/17	07/28/16	2,000,000.00	2,000,000.00	1,967,960.00	0.00	0.00	0.00	7,687.50	7,687.50
	17-0025	3136G34K8	FNMA 1.125 09/09/19	03/09/17	09/28/16	2,500,000.00	2,499,239.13	2,461,025.00	489.13	0.00	0.00	4,921.88	6,406.26
	<b>FNMA Total</b>					<b>17,500,000.00</b>	<b>17,503,628.90</b>	<b>17,397,575.00</b>	<b>-10,807.77</b>	<b>15,037.50</b>	<b>81,000.00</b>	<b>50,128.82</b>	<b>90,435.42</b>
Money Market	AR-0001	MMKT FED - 5000638	Money Market	Open	07/01/99	158.35	158.35	158.35	0.00	0.00	1,652,552.68	0.06	0.06
	AR-0006	TARC FED - 4485281	Money Market	Open	07/01/99	1.22	1.22	1.22	0.00	0.00	30.61	0.00	0.00
	AR-0025	MMKT JPM - 468885	Money Market	Open	09/19/02	693.95	693.95	693.95	0.00	0.00	1,339,160.99	0.28	0.28
	<b>Money Market Total</b>					<b>853.52</b>	<b>853.52</b>	<b>853.52</b>	<b>0.00</b>	<b>0.00</b>	<b>2,991,744.28</b>	<b>0.34</b>	<b>0.34</b>
Municipal Bond	13-0025	76221RTS2	RHODE ISLAND 1.551 10/01/17	Open	02/25/13	825,000.00	826,028.63	825,132.00	-4,498.87	177.72	46,242.41	2,132.63	2,310.35
	15-0023	468714EA4	JACEDU 1.693 03/01/18	Open	02/26/15	1,000,000.00	1,002,365.34	1,003,780.00	-3,264.66	0.00	26,147.38	4,232.50	4,232.50
	15-0025	581760AC9	MCLAREN CNTY MI 1.964 05/15/18	Open	04/02/15	730,000.00	734,825.37	728,905.00	-5,394.63	0.00	23,297.95	637.21	716.86
	15-0045	613357AF9	MONTG CO 2.44 11/01/19	Open	06/25/15	500,000.00	509,000.86	512,270.00	-4,249.14	1,830.00	18,300.00	1,016.67	2,846.67
	16-0007	650035J58	NY URBAN DEV TXBL 1.65 03/15/18	Open	12/08/15	500,000.00	501,585.45	502,605.00	-1,184.55	1,902.08	8,250.00	1,741.67	3,643.75
	16-0065	64971WFC39	NYC TRAN FIN AUTH-SUB 1.69 02/01/21	Open	06/23/16	1,350,000.00	1,357,591.44	1,324,606.50	-765.06	4,999.58	6,337.49	7,605.00	11,534.25
	17-0004	047681NZ0	ATLANTA ETC REC 2.41 12/01/19	Open	07/22/16	720,000.00	742,364.11	731,253.60	-2,605.49	0.00	0.00	6,217.80	8,676.00
	17-0012	555542LS6	MACON-BIBB CNTY GA 3.00 12/01/20	Open	08/01/16	425,000.00	450,510.54	441,048.00	-2,054.96	0.00	0.00	4,250.00	6,375.00
	17-0027	64990EA49	NY DORM AUTH C-TXBL 1.10 02/15/20	Open	09/30/16	1,000,000.00	1,000,000.00	979,070.00	0.00	0.00	0.00	1,863.89	2,291.67

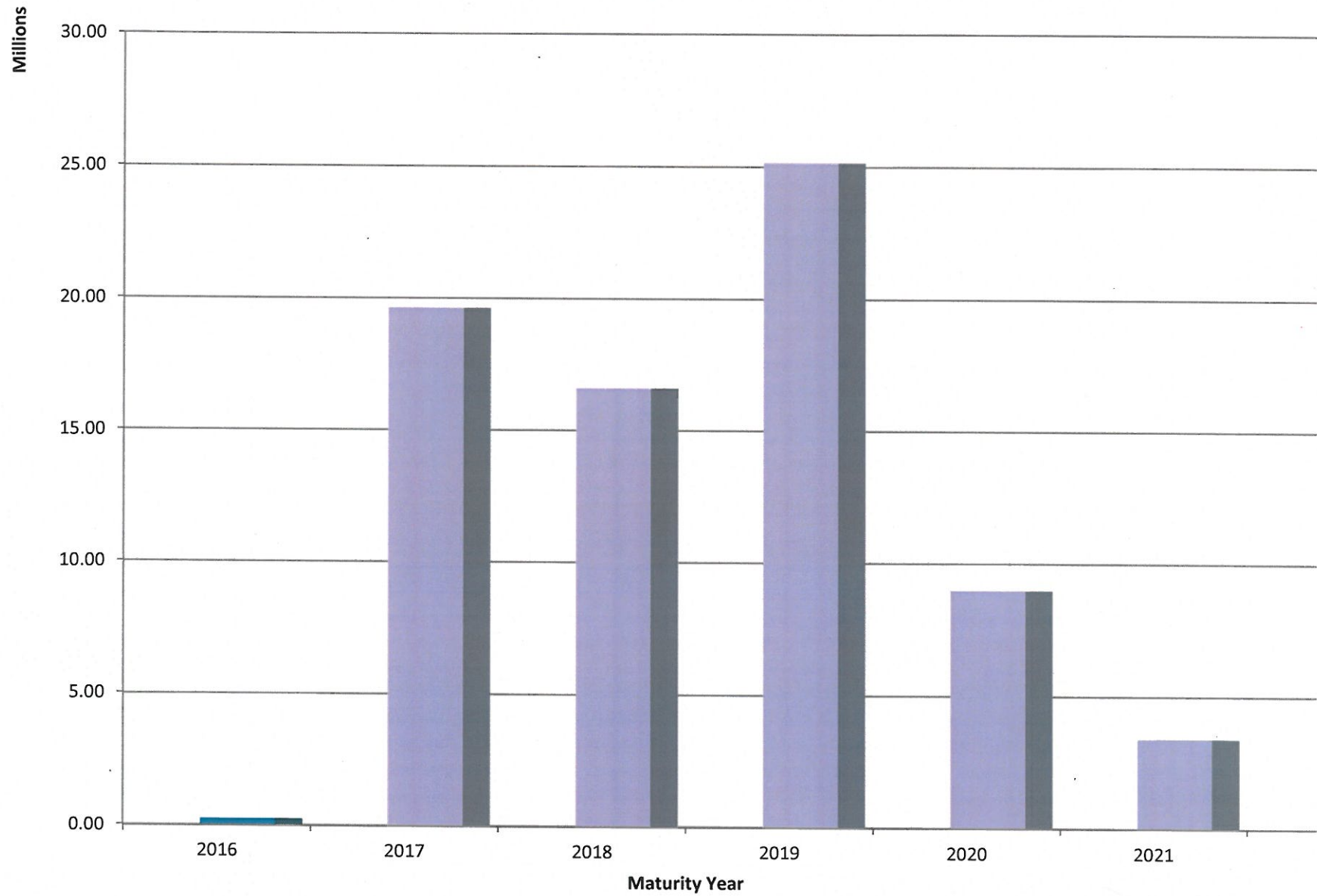
Treasury Note	17-0028	64990EEL7	NYS DORM AUTH C-TXBL 2.12 03/15/21	Open	09/30/16	2,000,000.00	2,047,100.45	2,004,180.00	-1,799.55	0.00	0.00	7,184.44	8,951.11
	17-0029	64971WN97	NY TRANSITION TXBL 1.35 08/01/20	Open	09/30/16	2,625,000.00	2,643,790.16	2,568,483.75	-844.84	0.00	0.00	6,004.69	6,792.19
	17-0032	597137GZ5	MIDDLETOWN OH 2.053 12/01/20	Open	10/07/16	400,000.00	409,339.28	400,732.00	-336.72	0.00	0.00	1,231.80	3,923.51
	17-0037	64972CXJ7	NYC HSG DEV 0.85 05/01/17	Open	10/18/16	2,000,000.00	2,000,000.00	1,998,620.00	0.00	0.00	0.00	1,893.78	1,893.78
	<b>Municipal Bond Total</b>					<b>14,075,000.00</b>	<b>14,224,501.63</b>	<b>14,020,685.85</b>	<b>-26,998.47</b>	<b>8,909.38</b>	<b>128,575.23</b>	<b>46,012.08</b>	<b>64,187.64</b>
	14-0020	912828VK3	Treasury Note 1.375 06/30/18	Open	04/29/14	390,000.00	389,553.71	392,012.40	711.52	1,762.81	13,406.25	2,244.09	4,006.90
	<b>Treasury Note Total</b>					<b>390,000.00</b>	<b>389,553.71</b>	<b>392,012.40</b>	<b>711.52</b>	<b>1,762.81</b>	<b>13,406.25</b>	<b>2,244.09</b>	<b>4,006.90</b>
	<b>Investment Total</b>					<b>74,800,770.48</b>	<b>74,960,938.74</b>	<b>74,314,431.10</b>	<b>-42,077.25</b>	<b>33,166.67</b>	<b>4,243,782.09</b>	<b>202,396.72</b>	<b>268,900.02</b>



## Total Portfolio Asset Allocation as of 11/30/2016



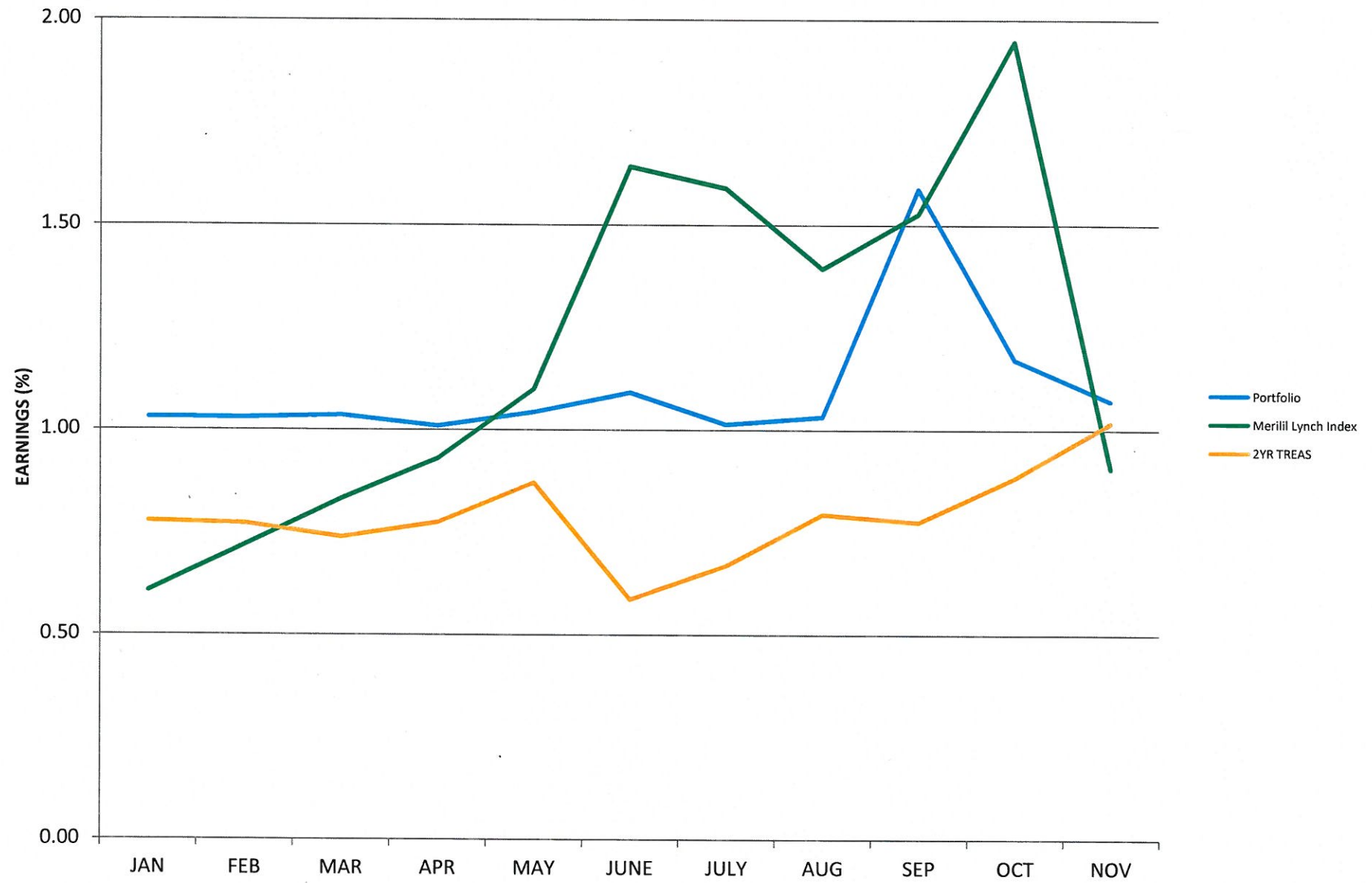
## Investment Portfolio by Maturity as of 11/30/16



# **PORTFOLIO PERFORMANCE**



## Portfolio Performance as of 11/30/16



# **ECONOMIC UPDATE**

## ECONOMIC OUTLOOK

The biggest news to hit over the last month is that the Fed actually raised rates at their last meeting on 12/14/16. The Fed decided to raise the target range for Fed Funds to 0.50 – 0.75% pointing to “realized and expected labor market conditions as well as inflation” as reasons for the hike. This marks the first rate hike since December 2015 and only the second rate hike since 2006. Despite varying positions taken by various FOMC members in recent weeks, there was no dissent in the decision to raise rates.

As a result of the rate hike, there has been a bit of a sell-off in anticipation of rates following the projected dot-plots. These dot-plots are used to project how many rate increases that can be expected in the coming year and is currently projecting 3 rate hikes as opposed to 2 for 2017. Take this with a grain of salt however, as last year there was a projected 4 rate hikes and we didn't actually see one until the last meeting of the year. This increased projection is also a bit of a surprise as the FOMC did warn of a steeper rate path if President-Elect Trump were to pursue fiscal stimulus. Trump has yet to take office or announce/implement his near-term policies so only time will tell what impact those will have.

In regards to the rate path, there does appear to be some dissenting opinions on that topic. Chair Yellen stresses that the FOMC plans to pursue a gradual pace to future rate hikes and relying on market data, while the rate path for 2017 is more reflective of the new administration's view on fiscal policy. Recent economic numbers have been showing solid gains in the labor market which suggests that the market data she references would justify the newly projected rate path. However, it's no secret that Chair Yellen and President-Elect Trump do not see eye-to-eye and this could simply be a shot at the new administration and their views on fiscal policy.

As far as hikes go, the market is currently indicating that rate hikes could occur at the June, September and December FOMC meetings. To compare, March is pricing in only a 34% probability of a rate hike as opposed to a 77% probability for June. With the news of the current rate hike for December 2016 and the strong probability of more to come in the future, it is my opinion that Metro strongly consider money market funds for short-term yield. This would allow Metro to enjoy higher yields as opposed to a DDA or Saving Account while providing similar liquidity. It is also my opinion that Metro implements a ladder portfolio strategy moving forward. This strategy will help to minimize interest rate risk by “riding” the yield curve up. This strategy would prove to be useful in the event that FOMC projections hold and multiple rate hikes occur.



## Total Portfolio Shock Table

Lou / Jeff Cty Metro Finance

Effective Interest - Actual Life

Receipts in Period

11/30/2016

<i>Data Category</i>	<i>Down 300</i>	<i>Down 200</i>	<i>Down 100</i>	<i>Current</i>	<i>Up 100</i>	<i>Up 200</i>	<i>Up 300</i>
Current Par	73,890,776.00	73,890,776.00	73,890,776.00	73,890,776.00	73,890,776.00	73,890,776.00	73,890,776.00
Amor. Cost	74,051,270.76	74,051,270.76	74,051,270.76	74,051,270.76	74,051,270.76	74,051,270.76	74,051,270.76
Market Value	73,182,764.29	73,256,655.06	73,330,545.84	73,404,436.62	73,478,327.39	73,552,218.17	73,626,108.94
% Change	-0.30 (0.10)	-0.20 (0.10)	-0.10 (0.10)	0.00 (0.10)	0.10 (0.10)	0.20 (0.10)	0.30 (0.10)
Market Price	99.04	99.14	99.24	99.34	99.44	99.54	99.64
Market Yield	1.6435	1.5571	1.4708	1.3847	1.2987	1.2129	1.1272
Gain / Loss	-868,506.47	-794,615.70	-720,724.92	-646,834.14	-572,943.37	-499,052.59	-425,161.82

The table above represents the interest rate risk of the investment portfolio of individual fixed income securities. By adjusting current market rates and by using the matrix pricing technique, the portfolio was subjected to an immediate interest rate shock of plus or minus 300 basis points. The results in weighted average total is presented above which details the projected market value, market price, total unrealized gain (loss) and percentage market value change from the current interest rate environment.